STATE OF CALIFORNIA DEPARTMENT OF MANAGED HEALTH CARE HEALTH CARE SERVICE PLAN

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 11/13/2003 2:24:25 PM

	Submitted on 11/13/2003 2:24:25 PM	1
1.	FOR THE QUARTER ENDING:	September 30, 2003
2.	Name:	ALAMEDA ALLIANCE FOR HEALTH
3.	File Number:(Enter last three digits) 933-0	328
4.	Date Incorporated or Organized:	March 29, 1994
5.	Date Licensed as a HCSP:	September 19, 1995
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	January 1, 1996
8.	Mailing Address:	1240 SOUTH LOOP ROAD, ALAMEDA, CA 94502
9.	Address of Main Administrative Office:	1240 SOUTH LOOP ROAD, ALAMEDA, CA 94502
10.	Telephone Number:	510-747-4500
	HCSP's ID Number:	94-3216947
12.	Principal Location of Books and Records:	1240 SOUTH LOOP ROAD, ALAMEDA, CA 94502
	Plan Contact Person and Phone Number:	KELVIN QUAN, 510-747-4572
14.	Financial Reporting Contact Person and Phone Number:	DARLA MARCOMB, 510-747-4555 X4037
15.	President:*	DAMITA DAVIS-HOWARD
16.	Secretary:*	KELVIN QUAN
	Chief Financial Officer:*	KELVIN QUAN
18.	Other Officers:*	JULIAN DAVIS, VICE-CHAIR
19.		
20.		
21.		
	Directors:*	GAIL STEELE
23.		JULIAN DAVIS
24.		TONY PAAP
25.		DAMITA DAVIS-HOWARD
26.		JANE GARCIA
27.		JOHN NORTON
28.		RALPH CORNEJO
29.		LINDA CHASE-STROUD
30.		MICHAE NEY
31.		PAMELA GUMBS

The Check My Work. rough 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32. President	рамиж рахузіной (pk dise type for valid signature)
33. Secretary	KEEMIN QUANTUIRED (please type for valid signature)
34. Chief Financial Officer	KELVINIOUAN mired (please type for valid signature)

- * Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.
- Check if this is a revised filing, and complete question 7 on page
- ·5. ₂
- 36. If all dollar amounts are reported in thousands (000), check here:

STATE OF CALIFORNIA DEPARTMENT OF MANAGED HEALTH CARE HEALTH CARE SERVICE PLAN

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	No 🔻
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No 🔽
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No 🔻
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	Yes 🔽
5.	Are there any significant changes reported on Schedule G, Section III?	No 🔻
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

REPORT #1 ---- PART A: ASSETS

		2
CURRENT	ASSETS:	Current Period
1.	Cash and Cash Equivalents	16,395,430
2.	Short-Term Investments	5,097,189
3.	Premiums Receivable - Net	1,003,021
4.	Interest Receivable	334.682
5.	Shared Risk Receivables - Net	0
	Other Health Care Receivables - Net	496,413
6.		
7.	Prepaid Expenses	226,065
8.	Secured Affiliate Receivables - Current	0
9.	Unsecured Affiliate Receivables - Current	0
10.	Aggregate Write-Ins for Current Assets	0
11.	TOTAL CURRENT ASSETS (Items 1 to 10)	23,552,800
OTHER AS	SSETS:	
12.	Restricted Assets	766,534
13.	Long-Term Investments	27,223,304
14.	Intangible Assets and Goodwill - Net	0
15.	Secured Affiliate Receivables - Long-Term	0
16.	Unsecured Affiliate Receivables - Past Due	0
17.		0
	Aggregate Write-Ins for Other Assets	
18.	TOTAL OTHER ASSETS (Items 12 to 17)	27,989,838
PROPERT	Y AND EQUIPMENT	
19.	Land, Building and Improvements	6,891,446
20.	Furniture and Equipment - Net	571,423
21.	Computer Equipment - Net	768,463
22.	Leasehold Improvements -Net	0
23.	Construction in Progress	0
24.	Software Development Costs	0
25.	Aggregate Write-Ins for Other Equipment	0
26.	TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	8,231,332
20.	TOTAL ASSETS	
27.	TOTAL ASSETS	59,773,970
	OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
DETAILS (
1001. 1002.		
1001. 1002. 1003.		
1001. 1002. 1003. 1004.	OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. 1002. 1003. 1004. 1098.	OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS Summary of remaining write-ins for Item 10 from overflow page	59,773,970
1001. 1002. 1003. 1004. 1098. 1099.	OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS Summary of remaining write-ins for Item 10 from overflow page TOTALS (Items 1001 thru 1004 plus 1098)	59,773,970
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1001. 1002. 1003. 1004. 1098. 1099. DETAILS (1701. 1702. 1703.	OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS Summary of remaining write-ins for Item 10 from overflow page TOTALS (Items 1001 thru 1004 plus 1098)	59,773,970
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DETAILS (1001. 1002. 1003. 1004. 1098. 1099. DETAILS (1701. 1702. 1703. 1704. 1798. 1799.	Summary of remaining write-ins for Item 10 from overflow page TOTALS (Items 1001 thru 1004 plus 1098) OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS Summary of remaining write-ins for Item 17 from overflow page	59,773,970
DETAILS (1001. 1002. 1003. 1004. 1098. 1099. DETAILS (1701. 1702. 1703. 1704. 1798. 1799. DETAILS (2501.	Summary of remaining write-ins for Item 10 from overflow page TOTALS (Items 1001 thru 1004 plus 1098) OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS Summary of remaining write-ins for Item 17 from overflow page TOTALS (Items 1701 thru 1704 plus 1798)	59,773,970
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DETAILS (1001. 1002. 1003. 1004. 1098. 1099. DETAILS (1701. 1702. 1703. 1704. 1798. 1799. DETAILS (2501. 2502.	Summary of remaining write-ins for Item 10 from overflow page TOTALS (Items 1001 thru 1004 plus 1098) OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS Summary of remaining write-ins for Item 17 from overflow page TOTALS (Items 1701 thru 1704 plus 1798)	59,773,970
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REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

	1	2	3	4
			Current Period	
			Non-	
CURRENT LI	ABILITIES:	Contracting	Contracting	Total
1.	Trade Accounts Payable	5,553	XXX	5,55
2.	Capitation Payable	0	XXX	
3.	Claims Payable (Reported)	6,293,899	128,447	6,422,34
4.	Incurred But Not Reported Claims	11,422,565	233,114	11,655,67
5.	POS Claims Payable (Reported)	0	0	
6.	POS Incurred But Not Reported Claims	0	0	
	Other Medical Liability	4,813,633	0	4,813,63
	Unearned Premiums	2,050,039	XXX	2,050,03
9.	Loans and Notes Payable	0	XXX	
	Amounts Due To Affiliates - Current	0	XXX	
	Aggregate Write-Ins for Current Liabilities	755,098	0	755,09
_	TOTAL CURRENT LIABILITIES (Items 1 to 11)	25,340,787	361,561	25,702,34
THER LIAB		23,340,767	301,301	23,702,34
	Loans and Notes Payable (Not Subordinated)		XXX	
	Loans and Notes Payable (Subordinated)		XXX	
	Accrued Subordinated Interest Payable		XXX	
	Amounts Due To Affiliates - Long Term		XXX	
	Amounts Due 10 Armates - Long Term Aggregate Write-Ins for Other Liabilities			
	- 66 - 6	0	XXX	
	TOTAL LIABILITIES (Items 13 to 17)	25 240 797	XXX	
	TOTAL LIABILITIES	25,340,787	361,561	25,702,34
ET WORTH		373737	7/7/7/	
	Common Stock	XXX	XXX	
	Preferred Stock	XXX	XXX	
	Paid In Surplus	XXX	XXX	
	Contributed Capital	XXX	XXX	840,23
	Retained Earnings (Deficit)/Fund Balance	XXX	XXX	33,231,38
	Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	
	TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	34,071,62
27.	TOTAL LIABILITIES AND NET WORTH	XXX	XXX	59,773,97
DETAILS OF	WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT L	IARILITIES		
	Payroll Liabilities	546,560	0	546,56
	Community Health Investment Fund	108,700	0	108,70
	Other Accrued Expenses	99,838	0	99,83
1104.	Ouler Actited Expenses	77,030		
	Summary of remaining write-ins for Item 11 from overflow page			
_	, , ,	755,000	0	
1199.	TOTALS (Items 1101 thru 1104 plus 1198)	755,098	0	755,09
DETAILS OF	WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIAI	DII ITIES		
	WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIAI		XXX	
1701. 1702.				
			XXX	
1703.			XXX	
1704.			XXX	
	Summary of remaining write-ins for Item 17 from overflow page	 	XXX	
1799.	TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	
DETAILS OF	WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET	WORTH ITEMS		
2501.		XXX	XXX	
		XXX	XXX	
2502.				
2502. 2503.		XXX	XXX	
		XXX	XXX	
2503. 2504.	Summary of remaining write-ins for Item 25 from overflow page			

REPORT #2: REVENUE, EXPENSES AND NET WORTH

		1	2
		Current Period	Year-To-Date
REVENUE	7C.		
KEVENUE 1.	Premiums (Commercial)	2,534,749	2,534,749
2.	Capitation	2,334,747	2,334,747
3.	Co-payments, COB, Subrogation	0	
4.	Title XVIII - Medicare		
5.	Title XIX - Medicaid	30,412,698	30,412,698
6.	Fee-For-Service	0	30,112,000
7.	Point-Of-Service (POS)	0	
8.	Interest	124,418	124,418
9.	Risk Pool Revenue	0	0
10.	Aggregate Write-Ins for Other Revenues	494	494
11.	TOTAL REVENUE (Items 1 to 10)	33,072,359	33,072,359
EXPENSE	,	22,012,009	22,072,003
	and Hospital		
12.	Inpatient Services - Capitated	870,301	870,301
13.	Inpatient Services - Per Diem	0	0
14.	Inpatient Services - Fee-For-Service/Case Rate	8,309,701	8,309,701
15.	Primary Professional Services - Capitated	3,657,965	3,657,965
16.	Primary Professional Services - Non-Capitated	2,068,585	2,068,585
17.	Other Medical Professional Services - Capitated	7,103,510	7,103,510
18.	Other Medical Professional Services - Non-Capitated	3,616,670	3,616,670
19.	Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	1,613,306	1,613,306
20.	POS Out-Of-Network Expense	0	0
21.	Pharmacy Expense - Capitated	60,569	60,569
22.	Pharmacy Expense - Fee-for-Service	3,812,500	3,812,500
23.	Aggregate Write-Ins for Other Medical and Hospital Expenses	2,131,316	2,131,316
24.	TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	33,244,423	33,244,423
Administ	tration		
25.	Compensation	1,444,079	1,444,079
26.	Interest Expense	0	0
27.	Occupancy, Depreciation and Amortization	120,224	120,224
28.	Management Fees	0	0
29.	Marketing	209,047	209,047
30.	Affiliate Administration Services	0	0
31.	Aggregate Write-Ins for Other Administration	826,096	826,096
32.	TOTAL ADMINISTRATION (Items 25 to 31)	2,599,446	2,599,446
33.	TOTAL EXPENSES	35,843,869	35,843,869
34.	INCOME (LOSS)	-2,771,510	-2,771,510
35.	Extraordinary Item		
36.	Provision for Taxes		
37.	NET INCOME (LOSS)	-2,771,510	-2,771,510
NET WOR	TH:		
38.	Net Worth Beginning of Period	36,843,132	36,843,132
39.	Audit Adjustments		
40.	Increase (Decrease) in Common Stock		
41.	Increase (Decrease) in Preferred Stock		
42.	Increase (Decrease) in Paid in Surplus		
43.	Increase (Decrease) in Contributed Capital		
44.	Increase (Decrease) in Retained Earnings:		
45.	Net Income (Loss)	-2,771,510	-2,771,510
46.	Dividends to Stockholders		
47.	Aggregate Write-Ins for Changes in Retained Earnings	0	(
48.	Aggregate Write-Ins for Changes in Other Net Worth Items	0	(
49.	NET WORTH END OF PERIOD (Items 38 to 48)	34,071,622	34,071,622

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2	3
		Current Period	Year-to-Date
DETAILS	OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES	Current Ferrou	Tom to Duit
1001.	Donations	0	0
1002.	Other Revenue	494	494
1003.			
1004.			
1005.			
1005.			
1098.	Summary of remaining write-ins for Item 10 from overflow page		
1099.	TOTALS (Items 1001 thru 1006 plus 1098)	494	494
DETAIL C	OF WRITE INC ACCRECATED AT ITEM 22 FOR OTHER MEDICAL AND HOSPITAL BY	DENCEC	
	OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EX Other Medical Benefits and Services	931,939	021 020
2301.		440,326	931,939 440,326
2302.	Reinsurance Expense (net of recoveries)		
2303.	Riak Sharing Expense	759,051	759,051
2304.			
2305.			
2306.			
2398.	Summary of remaining write-ins for Item 23 from overflow page	2 121 216	2 121 216
2399.	TOTALS (Items 2301 thru 2306 plus 2398)	2,131,316	2,131,316
DETAILS	 OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101.	See Sheet2	826,096	826,096
3101.	SC SICCLE	020,070	020,070
3102.			
3103.			
3104.			
3106.			
3198.	Summary of remaining write-ins for Item 31 from overflow page	926,006	926,006
3199.	TOTALS (Items 3101 thru 3106 plus 3198)	826,096	826,096
DETAILS	OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.	OF WALL IN TO CHARGE IN A STATE OF THE STATE		
4702.			
4703.			
4704.			
4705.			
4705.			
4798.	Summary of remaining write-ins for Item 47 from overflow page		
4799.	TOTALS (Items 4701 thru 4706 plus 4798)	0	0
4/99.	101ALS (Items 4/01 tirru 4/06 pius 4/98)	U	0
DETAILS	 OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH IT	FMS	
	OF WALLE-ING AUGMEDIATED AT THEM 40 FOR CHANGES OF UTHER NET WURTHIT	EMID	
4801.			
4802.			
4803.			
4804.			
4805.			
4806.			
4898.	Summary of remaining write-ins for Item 48 from overflow page		
4899.	TOTALS (Items 4801 thru 4806 plus 4898)	0	C

REPORT #3: STATEMENT OF CASH FLOWS

	MI ONT WE STITE WILL OF CHEMITE OVER	T	
	1	2	3
		Character 1	Voor to Dete
G L GTT TT	NAME OF THE PART O	Current Period	Year-to-Date
	OW PROVIDED BY OPERATING ACTIVITIES	2.542.155	2.542.155
1.	Group/Individual Premiums/Capitation	2,542,155	2,542,155
2.	Fee-For-Service	0	0
3.	Title XVIII - Medicare Premiums	0	0
4.	Title XIX - Medicaid Premiums	39,745,187	39,745,187
5.	Investment and Other Revenues	151,871	151,871
6.	Co-Payments, COB and Subrogation	0	0
7.	Medical and Hospital Expenses	-29,463,825	-29,463,825
8.	Administration Expenses	-3,584,860	-3,584,860
9.	Federal Income Taxes Paid	0	0
10.	Interest Paid	0	
11.	NET CASH PROVIDED BY OPERATING ACTIVITIES	9,390,528	9,390,528
		9,390,328	9,390,328
	DW PROVIDED BY INVESTING ACTIVITIES	0	
12.	Proceeds from Restricted Cash and Other Assets	0	U
13.	Proceeds from Investments	-131,687	-131,687
14.	Proceeds for Sales of Property, Plant and Equipment	0	0
15.	Payments for Restricted Cash and Other Assets	150,000	150,000
16.	Payments for Investments	0	0
17.	Payments for Property, Plant and Equipment	-72,711	-72,711
18.	NET CASH PROVIDED BY INVESTING ACTIVITIES	-54,398	-54,398
	OW PROVIDED BY FINANCING ACTIVITIES:	0 .,000	0 .,0>0
19.	Proceeds from Paid in Capital or Issuance of Stock	0	
	Loan Proceeds from Non-Affiliates	0	
20.			
21.	Loan Proceeds from Affiliates	0	0
22.	Principal Payments on Loans from Non-Affiliates	0	O
23.	Principal Payments on Loans from Affiliates	0	C
24.	Dividends Paid	0	0
25.	Aggregate Write-Ins for Cash Provided by Financing Activities	0	C
26.	NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
27.	NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	9,336,130	9,336,130
28.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	7,059,300	7,059,300
29.	CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	16,395,430	16,395,430
	LIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		10,000,000
		-2,771,510	-2,771,510
30.	Net Income	-2,771,310	-2,771,310
	ents to Reconcile Net Income to Net Cash Provided by Operating Activities	404 770	101 = 20
31.	Depreciation and Amortization	181,758	181,758
32.	Decrease (Increase) in Receivables	9,894,459	9,894,459
33.	Decrease (Increase) in Prepaid Expenses	-123,858	-123,858
34.	Decrease (Increase) in Affiliate Receivables	0	0
35.	Increase (Decrease) in Accounts Payable	5,553	5,553
36.	Increase (Decrease) in Claims Payable and Shared Risk Pool	3,060,231	3,060,231
37.	Increase (Decrease) in Unearned Premium	192,762	192,762
38.	Aggregate Write-Ins for Adjustments to Net Income	-1,048,867	-1,048,867
39.	TOTAL ADJUSTMENTS (Items 31 through 38)	12,162,038	12,162,038
	NET CASH PROVIDED BY OPERATING ACTIVITIES	9,390,528	
40.		9,390,328	9,390,528
	(Item 30 adjusted by Item 39 must agree to Item 11)		
DETAILS	OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINAL	NCING ACTIVITIES	S
2501.			
2502.			
2503.			
2598.	Summary of remaining write-ins for Item 25 from overflow page		
2599.		0	C
	TOTALS (Items 2501 thru 2503 plus 2598)	U	
	OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801.	Accrued Expenses	-1,041,133	-1,041,133
3802.	Payroll Liabilities	-7,734	-7,734
3803.	Community Health Investment Fund	0	0
3898.	Summary of remaining write-ins for Item 38 from overflow page		
3899.	TOTALS (Items 3801 thru 3803 plus 3898)	-1,048,867	-1,048,867
3077.	1011Es (10116 5001 till 5005 plus 5070)	1,070,007	-1,0+0,007

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE

TOTAL ENROLLMENT

TOTAL ENROLLMENT											
1	2	3	4	5	6	Total Member A	Ambulatory Encour	10	11	12	
					Cumulative						
					Enrollee				Total Patient	Annualized	Average
	Total Enrollees At End of	U	Ų.	Total Enrollees at End of	Months for	7	8	9	Days	Hospital	Length of
Source of Enrollment	Previous Period	Period	Period	Period	Period	,	Non-Physicians	Total	Incurred	Days/1000	Stay
Group (Commercial)	2,882	403	216	3,069	8,961	1,815	1,613	3,428	79	106	
2. Medicare Risk	0	0	0	0	0	0	0	0	0		0.00
3. Medi-Cal Risk	72,733	7,121	5,703	74,151	220,878	46,315	44,910	91,225	2,128	116	
4. Individual	7,800	424	873	7,351	22,893	4,240	3,122	7,362	213	112	
5. Point of Service	0	0	0	0	0	0	0	0	0		0.00
6. Aggregate write-ins for Other	9,179	1,015	940	9,254	27,878	3,178	1,704	4,882	27	12	
7. Total Membership	92,594	8,963	7,732	93,825	280,610	55,548	51,349	106,897	2,447	105	
DETAILS OF WRITE-INS AGGRE	GATED AT ITEM 6 FOR	OTHER SOURCES C	F ENROLLMENT								
601. Small Group				0				0			
602. Healthy Families	9,179	1,015	940	9,254	27,878	3,178	1,704	4,882	27	12	2.46
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for				0				0			
698. Item 6 from overflow page				U				U			
Totals (lines 601 through 612 plus 699, 698) (Line 6 above)	9,179	1,015	940	9,254	27,878	3,178	1,704	4,882	27	12	

^{**} Separate Healthy Families Data unavailable at time of submission. Revised filing to be submitted by 9/30/03

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository		
(List all accounts even if closed during the period)	Account Number	Balance*
1. See Sheet1		16,393,930
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		16,393,930
10. Cash on Hand (Petty Cash)		1,500
11. Total Cash on Hand and on Deposit (Report #1, Part A, l	Line 1)	16,395,430

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository		
(List all accounts even if closed during period)	Account Number	Balance*
12. Bank of the West	13-000-324	300,000
13. Bank of the West	602002503	466,534
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		766,534

^{*} Indicate the Balance Per the HMO's Records

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	None			-	•	0
1. 2. 3. 4.						0
3.						0
4.						0
						0
6.						0
7.						0
8. 9.						$0 \\ 0$
9. 10.						0
11						0
11. 12. 13.						0
13.						0
14.						0
15.				***************************************	•••••	0
14. 15. 16.						0
17.						0
18. 19.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25. 26						0
27						0
21. 22. 23. 24. 25. 26. 27. 28. 29.						0
29.						0
30.						0
31.						0
31. 32. 33. 34. 35.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38. 39.						$0 \\ 0$
40.						0
41.						0
42.						0
42. 43. 44. 45. 46. 47. 48. 49.	······································					0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.	Aggregate Accounts Not Individually Listed					0
33.	Aggregate Aggernte Not II-diad-alle List 1					0
54.	Total Accounts Not Individually Listed	0	0	0	Λ.	0
JJ.	10141	0	0	0	0	Ü

SCHEDULE D HEALTH CARE RECEIVABLES & AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
	None		-		-	0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						
8.						0
9.						0
10.						0
11. 12.						0
13.						0
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18.						0
19.						0
20.						0
21.						0
21. 22.						0
23.						0
24.		***************************************				0
24. 25.						0
26.						0
26. 27.						0
28.						
29.						0
30.						0
31.						0
32. 33.						0
33.						0
34. 35.						0
35.						0
36.						0
37.	***************************************					0
38.						0
39.						0
40.						0 0
41.						0
42. 43.						
44.						0
						0
45. 46.						0
47						0
47. 48. 49. 50. 51. 52. 53. 54. 55.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

STATEMENT AS OF 9-30-2003 OF 933-0328 ALAMEDA ALLIANCE FOR HEALTH

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. None						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12. 13. 14. 15. 16. 17.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
						0
19. 20. 21. 22.						0
21.						0
						0
23. Aggregate Accounts Not Individually Listed - Due						0
24. Total	0	0	0	0	0	0

SCHEDULE G - UNPAID CLAIMS ANALYSIS SECTION I - CLAIMS UNPAID

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	1,946,094	7,945,553	9,891,647
2. Physician Claims	3,650,779	1,911,753	5,562,532
3. Referral Claims	258,729	480,498	739,227
4. Other Medical	566,744	1,317,875	1,884,619
5. TOTAL	6,422,346	11,655,679	18,078,025

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

				TOUS TERM (- ' /
			Unpaid Claims	During the Fiscal		
	Claims Paid During	the Fiscal Year	Year			7
1	2	3	4	5	6	Estimated
Type of Claim	On Claims Incurred	On Claims	On Claims	On Claims	Total Claims	Liability of
	Prior to the first day	Incurred During	Unpaid Prior to	Incurred During	(Paid and Unpaid)	Unpaid Claims
	of the Current	the Fiscal Year	the first day of	the Year	for the Previous	Prior to the first
	Fiscal Year		the Previous		Fiscal Year	day of the Prior
			Fiscal Year		(2+4)	Year
Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

	1	2	3	4	5	6	7
		Beginning					
		Balance		Deduct -			Ending Balance
		Number of Claims	Add - Claims	Claims paid	Deduct - Claims		Number of claims
	Month Ending	in inventory on the	Received during	during the	denied during the	Add/Deduct -	in inventory at the
11.		1st of each month	the month	month	month	Adjustments	end of the month
12.	September 1, 2003	17,000	31,000	16,000	9,000	-6,000	17,000
13.	August 1, 2005	21,000	29,000	17,000	10,000	-6,000	17,000
14.	July 1, 2003	20,000	32,000	21,000	11,000	1,000	21,000
15.	June 1, 2003	17,000	31,000	20,000	11,000	3,000	20,000
16.	May 1 2003	21,000	32,000	17,000	10,000	-9,000	17,000
17.	April 1, 2003	17,000	36,000	21,000	12,000	1,000	21,000
18.	March 1, 2003	17,500	31,000	17,000	9,000	-5,500	17,000
19.	February 1, 2003	16,000	26,000	18,000	9,000	2,500	17,500
20.	January 1, 2003	15,600	29,000	16,000	10,000	-2,600	16,000
21.	December i, zi)02	19,300	30,000	16,000	10,000	-7,700	15,600
22.	November 1, 2002	13,000	29,000	19,000	12,000	8,300	19,300
23.	October 1, 2002	11,800	31,000	13,000	7,000	-9,800	13,000

^{*} Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	September 1, 2003	2,610	13,499	204	188	16,501
3.	August 1, 2003	3,408	13,315	159	294	17,176
4.	July 1, 2003	5,396	14,681	660	266	21,003
5.	June 1, 2003	3,271	15,302	921	232	19,726
6.	May 1, 2003	2,488	14,049	296	260	17,093
7.	April 1, 2003	5,094	15,564	566	300	21,524
8.	March 1, 2003	2,101	12,609	2,037	253	17,000
9.	February 1, 2003	1,377	12,262	3,533	328	17,500
10.	January 1, 2003	2,413	10,257	3,061	269	16,000
11.	December 1, 2002	2,454	8,668	4,322	156	15,600
12.	November 1, 2002	2,316	11,820	4,979	185	19,300
13.	October 1 2002	1,642	6,933	4,054	371	13,000

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

	Reported A	ccrual			
	1	2	3	4	5
					Outstanding
					Liability
		Total Medical	Amount	Difference -	(Based on
	Quarter Ending Date	Liability*	Paid-To-Date	Column (2-3)	plan's lag
1.	September 30, 2003	18,078,025	XXX	18,078,025	17,134,783
2.	June/30,12003 arter	15,751,083	7,438,994	8,312,089	810,628
3.	March 1312, 2003 ters	13,005,372	8,171,134	4,834,238	170,615
4.	December 31,2002	16,139,543	8,571,077	7,568,466	32,002
5.	September 30, 2002	13,464,862	8,422,539	5,042,323	-26,038
6.	June 30, 2002 arters	12,854,975	7,281,232	5,573,743	-34,307
7.	Marchu3 f, 2002ters	6,986,787	7,422,209	-435,422	-11,225
8.	December 31, 2001	6,596,249	6,495,420	100,829	1,569

^{*} Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

**

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1	NOTES TO FINANCIAL STATEMENTS See Sheet3 - Summary of Significant Accounting Policies
2.	
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	OVERFLOW PAGE FOR WRITE-INS
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KNOX-KEENE SUPPLEMENTAL INFORMATION PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

A. Explanation of the method of calculating the provision for incurred and sureported claims: The cost of health care services is expected in the period of alkalance is obligated by provides and incidence included incurred but not exceeded (TBNF) claims. The amount of the entimed liability is calculated based on a vicinity and incidence incide		1	2	3	4	5
which are expected to be paid after year-end for services provided to members during the year, including incurred-but-not-recorded ("BNR") claims. The amount of the estimated liability is calculated based on any claims information available to the Alliance. Reserves are continually monitored and ecounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below: Name of Deboo		_		_		
The amount of the estimated liability is calculated based on any claims information available to the Alliance. Reserves are continually monitored and Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below: Name of Debtor	1.	_		-		
B. Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below: Name of Debtor Nature of Relationship Nature of Receivable Amount Terms						
Name of Debor Nature of Relationship Nature of Receivable Amount Terms None			and the second of the second of		e. Reserves are contin	ually monitored and
None	B.	Accounts and Notes Receivable from of	ficers, directors, owners or affiliate	s, as detailed below:		
None						
3. 4. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6.	2		Nature of Relationship	Nature of Receivable	Amount	Terms
5. Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below: Donards Name		None				
5. 6. Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below: Donor's Name						
Domard materials or services received by the reporting entity for the period of the financial statements, as detailed below: Domor's Name						
Social collection Donor's Name Affiliation with Reporting Entity Valuation Method Amount	6.					
Social collection Donor's Name Affiliation with Reporting Entity Valuation Method Amount						
Denor's Name Affiliation with Reporting Entity Valuation Method Amount			by the reporting entity for the peri	od of the financial statement	s,	
None Some Some Some Some Some Some Some Som		as detailed below:				
None Some Some Some Some Some Some Some Som		Donor's Name	Affiliation with Reporting Entity	Valuation Method	Amount	
Summary of How Creditor's Name Affiliation with Reporting Entity Summary of How Obligation Arose Amount	7.		rannation with Reporting Likity	Valuation Method	<u>ranount</u>	
10						
1.	9.					
D. Forgiven debt or obligations, as detailed below: Creditor's Name	10.					
Creditor's Name Affiliation with Reporting Entity Obligation Arose Amount None 12. None 13.	11.					
Creditor's Name Affiliation with Reporting Entity Obligation Arose Amount None 12. None 13.	n	F	1 h -1			
Creditor's Name Affiliation with Reporting Entity Obligation Arose Amount	р.	Forgiven debt or obligations, as detailed	d below:			
Creditor's Name Affiliation with Reporting Entity Obligation Arose Amount				Summary of How		
12 None		Creditor's Name	Affiliation with Reporting Entity	•	Amount	
14. S. Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules: 16. Net Equity \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	12.					
E. Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules: 16. Net Equity \$ 34,071,622 17. Add: Subordinated Debt \$ 0 18. Less: Receivables from officers, directors, and affiliates 19. Intangibles \$ 0 20. Tangible Net Equity (TNE) \$ 34,071,622 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) \$ 27,174,957 F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees \$ 32,947,447 24. Administrative Costs \$ 2,599,446 25. Percentage \$ 8 26. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:	13.					
E. Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules: 16. Net Equity S 34,071,622 17. Add: Subordinated Debt S 0 18. Less: Receivables from officers, directors, and affiliates 19. Intangibles S 0 20. Tangible Net Equity (TNE) S 34,071,622 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees 24. Administrative Costs S 2,599,446 25. Percentage 8 26. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: Total costs for health care services for the immediately preceding six months:	14.					
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17. Add: Subordinated Debt 18. Less: Receivables from officers, directors, and affiliates 19. Intangibles 19. Intangibles 20. Tangible Net Equity (TNE) 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) 23. Revenue from subscribers and enrollees: 24. Administrative Costs 25. Percentage 26. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:	E.	Calculation of Tangible Net Equity (TN	E) and Required TNE in accordance	te with Section 1300.70 of th	ie Kuies:	
17. Add: Subordinated Debt 18. Less: Receivables from officers, directors, and affiliates 19. Intangibles 19. Intangibles 20. Tangible Net Equity (TNE) 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) 23. Revenue from subscribers and enrollees: 24. Administrative Costs 25. Percentage 26. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:	16	Net Equity			\$ 34.071.622	
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directors, and affiliates 19. Intangibles 20. Tangible Net Equity (TNE) 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) 23. Revenue from subscribers and enrollees: 24. Administrative Costs 25. Percentage 26. The amount of health care expenses incurred during the simoth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:	18.	Less: Receivables from officers.			\$ 0	
19. Intangibles \$ 0 20. Tangible Net Equity (TNE) \$ 34,071,622 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) \$ 27,174,957 F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees \$ 32,947,447 24. Administrative Costs \$ 2,599,446 25. Percentage \$ 8 26. The amount of health care expenses incurred during the si month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:		· ·				
20. Tangible Net Equity (TNE) \$ 34,071,622 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) \$ 27,174,957 F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees \$ 32,947,447 24. Administrative Costs \$ 2,599,446 25. Percentage \$ 8 26. The amount of health care expenses incurred during the si month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:		, , , , , , , , , , , , , , , , , , , ,				
20. Tangible Net Equity (TNE) \$ 34,071,622 21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) \$ 27,174,957 F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees \$ 32,947,447 24. Administrative Costs \$ 2,599,446 25. Percentage \$ 8 26. The amount of health care expenses incurred during the si month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:	19.	Intangibles			\$ 0	
21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees 4. Administrative Costs 5. Percentage 6. Percentage 7. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:						
21. Required Tangible Net Equity (See Page 22) 22. TNE Excess (Deficiency) F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees 4. Administrative Costs 5. Percentage 6. Percentage 7. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:	20.	Tangible Net Equity (TNE)			\$ 34,071,622	
(See Page 22) 22. TNE Excess (Deficiency) F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees 24. Administrative Costs 25. Percentage 26. The amount of health care expenses incurred during the si month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:						
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F. Percentage of administrative costs to revenue obtained from subscribers and enrollees: 23. Revenue from subscribers and enrollees \$\frac{32,947,447}{}\$ 24. Administrative Costs \$\frac{2,599,446}{}\$ 25. Percentage \$\frac{8}{}\$ 26. The amount of health care expenses incurred during the simonth period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months:						
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23. Revenue from subscribers and enrollees \$\frac{32,947,447}{24}\$ 24. Administrative Costs \$\frac{2,599,446}{2}\$ 25. Percentage \$\frac{8}{2,787,953}\$ month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: 27. Total costs for health care services for the immediately preceding six months: \$\frac{32,947,447}{2,599,446}\$ \$\frac{8}{2,787,953}\$ \$\frac{75,555,735}{2,555,735}\$		•				
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preceding six months:		directly reimbursed to subscrib	ers and enrollees:			
preceding six months:						
	27.	Total costs for health care service	es for the immediately		\$ 75,555,735	
28. Percentage 4		preceding six months:				
28. Percentage 4					-	
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STATEMENT AS OF 9-30-2003 OF 933-0328 ALAMEDA ALLIANCE FOR HEALTH

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56. Total times 120% \$ 0				
	55.	Total		\$ 0
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57. Deposit (Greater of Line 56 or minimum of \$200,000) \$	30.	10tal times 120%		Φ[
* * * * * * * * * * * * * * * * * * * *	57.	Deposit (Greater of Line 56 or mir	nimum of \$200,000)	\$

STATEMENT AS OF 9-30-2003 OF 933-0328 ALAMEDA ALLIANCE FOR HEALTH

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

	Full Service			Specialized	
	Plans		1	Plans	2
A.	Minimum TNE Requirement			Minimum TNE Requirement	\$ 50,000
B.	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$ 2,6		2% of the first \$7.5 million of annualized premium revenue	\$
	Plus			Plus	
2.	1% of annualized premium revenues in excess of \$150 million	\$		1% of annualized premium revenue in excess of \$7.5 million	\$
3.	Total	\$ 2,6	535,796	Total	\$ 0
C.	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.			8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$
	Plus			Plus	
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
	Plus			Plus	
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7.	Total	\$ 6,8	396,665	Total	\$ 0
8.	Required "TNE" - Greater of "A" "B" or "C"	\$ 6,8	396,665	Required "TNE" - Greater of "A" "B" or "C"	\$

KNOX -KEENE SUPPLEMENTAL INFORMATION PURSUANT TO SECTIONS 1374.64

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

		1
1.	Net Equity	\$ 34,071,622
2.	Add: Subordinated Debt	\$
3.	Less: Receivables from officers, directors, and affiliates	\$
4.	Intangibles	\$
5.	Tangible Net Equity (TNE)	\$ 34,071,622
6.	Required Tangible Net Equity (From Line 10 or 13 below)	\$
7.	TNE Excess (Deficiency)	\$ 34,071,622
	ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCUL (Complete Section I or II):	LATION
I.	Plan is required to have and maintain TNE as required by Rul	e 1300.76 (a)(1) or (2):
8.	Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$
9.	10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$
10.	Add lines 8 and 9	\$ 0
	Plan is required to have and maintain TNE as required by Rul $\overline{RT\ A}$	e 1300.76 (a)(3):
11.	Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$
12.	10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$
13.	Add lines 11 and 12	\$ 0
III.	MINIMUM TNE REQUIREMENT TO DETERMINE MONT	THLY REPORTING
14.	Line 5 (above)	\$ 34,071,622
	Multiply Line 6 (above) by 1200/	\$ 0
15.	Multiply Line 6 (above) by 130%	· ·

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

		1 Full Service <u>Plans</u>	2 Specialized <u>Plans</u>
1.	Health care expenditures for period	3	\$
	Less:		
2.	Capitated or managed hospital payment basis expenditures		
3.	Health care expenditures for out-of-network services for point-of-service enrollees		
4.	Result	0	0
5.	Annualized		
6.	Reduce to maximum of \$150 million		
7.	Multiply by 8%	5 0	\$ 0
	Plus		
8.	Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees		\$
9.	Less \$150 million		
10.	Multiply by 4%	8 0	\$ 0
	Plus		
11.	Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees		\$
12.	Multiply by 4%	0	\$ 0
13.	Total 5	6 0	\$ 0

SCHEDULE A-1 (CASH)

	1	2	3
	Name of Depository (Lis		
	all accounts even if closed during the period)	Account Number	Balance*
1.	Bank of the West-Concentration	602003543	2,775,430
2.	Bank of the West-Payroll	602003501	(14,025)
3.	Bank of the West-Trade A/P	602003477	(312,491)
4.	Bank of the West-Mellon	037-1899	(1,660,827)
5.	Bank of the West-Investment Sweep	602002503	10,814,535
6.	Bank of the West-Application Escrow	602007783	22,947
7.	Bank of the West-Merchant	602012841	795
8.	Fremont Bank	02-94598-3	1,639,748
9.	Fremont Bank	02-94599-1	50,246
10.	Fremont Bank	02-72060-4	3,077,572
11.			
12.	Total Cash on Deposit		16,393,930

REPORT #2: REVENUE, EXPENSES AND NET WORTH

,	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIV	VE EXPENSES	
3101 Consulting Services	108,634	108,634
3102 Bank Fees	10,265	10,265
3103 Temporary Help Services	86,719	86,719
3104 Commissary-Food & Beverage	7,487	7,487
3105 Computer Support Services	88,853	88,853
3106 Courier/Delivery Service	2,880	2,880
3107 Design & Layout	28,581	28,581
3108 Hardware (Non-Capital)	2,130	2,130
3109 Insurance	41,281	41,281
3110 Leased and Rented Office Equip	1,835	1,835
3111 Legal Fees	4,193	4,193
3112 Licenses, Permits and Fees	109,410	109,410
3113 Mailing Services	4,142	4,142
3114 Maint.& Repair-Office Equipmen	13,059	13,059
3115 Maint.&Repair-Computer Hardwar	44	44
3116 Member Services-Transportation	0	0
3117 MIS Software (Non-Capital)	2,638	2,638
3118 Miscellaneous Expense	0	0
3119 Office and Other Supplies	23,050	23,050
3120 Other Purchased Services	37,109	37,109
3121 Payroll Fees	4,662	4,662
3122 Postage	62,503	62,503
3123 Pre-printed Materials and Publ	1,110	1,110
3124 Printing Services	105,775	105,775
3125 Staff Development/Training	13,570	13,570
3126 Staff Recruitment/Advertisemen	3,639	3,639
3127 Subscriptions & Dues	42,449	42,449
3128 Telephone	10,579	10,579
3129 Translation Services	9,499	9,499
3130		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	826,096	826,096

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

Cash & Investments

The Company considers all highly liquid instruments with a maturity of three months or less at the time of purchase to be equivalents. The carrying value of cash and equivalents approximates fair value because of the short-term maturity of those investments.

Fair Value of Financial Instruments

The carrying value of financial instruments such as premium and other receivables, estimated claims payable, accrued medical incentive pool, accounts payable and surplus distribution payable approximate their fair values.

Reinsurance (Stop-Loss Insurance)

The Alliance has entered into certain reinsurance (stop-loss) agreements with third-parties in order to limit it's losses on individual claims. Under the terms of these agreements, the third-parties will reimburse the Alliance certain proportions of the cost of each member's annual hospital services, net of specified deductables, up to a maximum of \$1,000,000 per member per contract year. Reinsurance premiums are recorded as health care operating expenses and recoveries are recorded as a reduction of these premiums.

Computer Hardware and other Fixed Assets

Computer hardware and other fixed assets are stated at cost and depreciated over the useful life of the asset.

Restricted Cash

The Alliance is required by the Department of Managed Health Care to restrict \$300,000 cash for the payment of member Claims in the event of insolvency. Restricted cash set aside to meet these requirements was \$350,000 at September 30, 2001. Restricted cash comprised of a Federal Mortgage Home Loan Bank Note and a US Treasury Note stated at par value.

Health Care Services Cost Recognition and Estimated Claims Payable

The cost of health care services is expensed in the period the Alliance is obligated to provide such services. The Alliance records a liability for claims which are expected to be paid after year-end for services provided to members during the year, including incurred-but-not-recorded ("IBNR") claims. The amount of the estimated liability is calculated based on any claims information available to the Alliance. Reserves are continually monitored and reviewed, and as reserves, (projections of historical developments and utilization data), are adjusted, the differences are reflected in current operations.

Capitation, Surplus Distribution and Incentive Pool Distribution Arrangements

The Alliance has arrangements with hospitals and physicians whereby capitation payments, (agreed-upon monthly payments per member), are made in return for provisions of customary health care services. Some capitation arrangements also provide for certain fee-for-service payments. In each fiscal year beginning with FY 97-98, the Alliance was a party to certain risk sharing pool distribution arrangements related to agreements with various physician and hospital providers. To the extent that utilization compares favorably to targeted amounts as specified in the agreements, the Alliance shall distribute risk sharing amounts to the providers.

The management of the Alliance believes the recorded estimated claims payable and accrued medical incentive pool balances are reasonable; however, there is an absence of a significant amount of historical claims experience, as the Alliance began operations in January 1996, which may impact the assumptions inherent in the determination of the liabilities. Accordingly, the ultimate settlement of outstanding claims and estimated losses may vary significantly from the estimated amounts included in the accompanying financial statements.

Premium Revenue Recognition

Premiums are recorded as revenue in the month for which enrollees are entitled to health care services. Premiums are received from the State of California for enrolled members on a capitated and pre-paid basis. A portion of premiums is subject to possible retroactive adjustment. Provision has been made for estimated retroactive adjustments to the extent the probable outcome of such adjustments can be determined.

Malpractice Coverage

The Alliance maintains its insurance coverage through outside vendors in the form of "Claims-made policies". Should the "Claims-Made" policies not be renewed or replaced with equivalent insurance, claims related to the occurances during the terms of the "Claims-Made" policies but reported subsequent to their termination may be uninsured. These policies were renewed subsequent to the year end. Physicians and hospitals that the Alliance contracts with are required to maintain their own malpractice insurance coverage.

Income Taxes

The Alliance is a public entity established pursuant to Section 14087.54 of the State's Welfare and Institutions Code and is further subject to the provisions of Ordinace No. 0-94-13 and related resolutions of the Board of Supervisors of Alameda County. As a public entity defined by the Internal Revenue Code Section 115, the Alliance is exempt from federal and state income taxes.